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VSC万顺昌

VAN SHUNG CHONG HOLDINGS LIMITED

Website: <http://www.vschk.com>

(Incorporated in Bermuda with limited liability)

(Stock Code: 1001)

DISCLOSEABLE TRANSACTION IN RELATION TO FORMATION OF A JOINT VENTURE BY THE SUBSCRIPTION OF NEW EQUITY INTEREST OF VSC-JF

On 30 December 2011, SC Metal Recycling, an indirect wholly-owned subsidiary of the Company entered into the JV Agreement with Mr. Li and Mr. Qiu pursuant to which the parties agreed to form VSC-JF in Changsha City, Hunan Province, the PRC, which will be principally engaged in metal recycling business. SC Metal Recycling will subscribe for the new equity interest of VSC-JF representing 51% of the enlarged equity interest at a total consideration of RMB10,420,000 and VSC-JF will become a subsidiary of the Company.

The entering into of the JV Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

THE JV AGREEMENT

Date : 30 December 2011

Parties : (i) SC Metal Recycling
(ii) Mr. Li
(iii) Mr. Qiu

To the best of the Director's knowledge, information and belief, having made all reasonable enquires, Mr. Li and Mr. Qiu are the independent third parties of the Company and its connected persons (as defined in the Listing Rules).

Business scope of VSC-JF : Recycling, processing, trading and stock-holding of scrap metal

Term of VSC-JF : 20 years from the date of issuance of its business license. The term of VSC-JF maybe extended with the approval of the relevant PRC government authorities.

Total Investment : RMB40,850,000

- Total Registered Capital** : RMB20,430,000
- Capital Contribution** : (1) 51% of the total registered capital amounting RMB10,420,000 (equivalent to approximately HK\$12,743,660) will be provided by SC Metal Recycling and be financed by the internal resources of the VSC Group;
- (2) 29.4% of the total registered capital amounting RMB6,010,000 (equivalent to approximately HK\$7,350,230) has already been provided in cash by Mr. Li; and
- (3) 19.6% of the total registered capital amounting RMB4,000,000 (equivalent to approximately HK\$4,892,000) has already been provided in cash by Mr. Qiu.

SC Metal Recycling shall make its capital contribution to VSC-JF in cash as a one-off payment within 7 working days of the date of the issuance of the business license of VSC-JF.

- Board Composition** : The board of VSC-JF will comprise five directors, of which three shall be appointed by SC Metal Recycling and the remaining two by Mr. Li and Mr. Qiu.

- Transfer of equity interest** : Transfer of equity interest will be subject to customary first right of refusal by the other shareholders.

Upon completion of the formation of VSC-JF, VSC-JF will be owned beneficially as to 51% by SC Metal Recycling, as to 29.4% by Mr. Li and as to 19.6% by Mr. Qiu and VSC-JF will become a subsidiary of the Company.

REASON FOR AND BENEFIT OF ENTERING INTO OF THE JV AGREEMENT

As discussed in the annual report of the Company for the financial year ended 31 March 2011, the VSC Group has made a number of advances into the metal recycling business and the VSC Group has been proactively exploring the opportunities to develop its metal recycling business.

The Board believes that entering into of the JV Agreement offer further business opportunities to the VSC Group in the development of metal recycling business that would further enhance the VSC Group's performance. VSC-JF is targeting the few PRC leading machinery manufacturers located nearby Changsha region.

The Directors, including the independent non-executive Directors, consider that the terms of the JV Agreement are entered into upon normal commercial terms following arm's length negotiations among the parties and the terms of the JV Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As the applicable percentage ratio defined under Rule 14.07 of the Listing Rules in relation to the entering into the JV Agreement exceed 5% but are less than 25%, the entering into the JV Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

INFORMATION OF THE VSC GROUP

The VSC Group is principally engaged in stockholding and trading of construction materials such as steel products, sanitary wares, plastic resins and property investment.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“Board”	the board of the Directors
“Company”	Van Shung Chong Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchanges
“Director(s)”	the director(s) of the Company
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region for the PRC
“Hunan JF”	湖南聚發再生資源有限公司, a domestic enterprise established in the PRC on 5 December 2011. As at the date of this announcement, Mr. Li held approximately 60% and Mr. Qiu held approximately 40% of this company
“JV Agreement”	the sino-foreign equity joint venture contract dated 30 December 2011 and entered into between SC Metal Recycling, Mr. Li and Mr. Qiu with respect to the formation of VSC-JF
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Li”	Mr. Li Jinxiu, a PRC citizen and an independent third party
“Mr. Qiu”	Mr. Qiu Zhiwei, a PRC citizen and an independent third party
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of PRC
“SC Metal Recycling”	SC Metal Recycling Investments Limited
“Share(s)”	the ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited

“VSC Group” the Company and its subsidiaries

“VSC-JF” 湖南聚發再生資源有限公司 (VSC-JF Metal Recycling Company Limited) (name will be changed from Hunan JF), a sino-foreign equity joint venture to be established, subject to the approval(s) by the relevant PRC authorities, in Changsha City, Hunan Province, the PRC with limited liability pursuant to the JV Agreement

In this announcement, conversion of RMB into HK\$ is based on the exchange rate of RMB1.00=HK\$1.223.

By Order of the Board
Van Shung Chong Holdings Limited
Yao Cho Fai, Andrew
Chairman

Hong Kong, 30 December 2011

As at the date of this announcement, the Board comprises Mr. Andrew Cho Fai Yao (Chairman), Mr. Fernando Sai Ming Dong and Mr. Kern Lim (being the executive Directors), Mr. Frank Muñoz (being the non-executive Director), Mr. Harold Richard Kahler, Mr. Kenny King Ching Tam and Mr. Xu Lin Bao (being the independent non-executive Directors).